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# Leadership Theories and Styles: A Literature Review

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## Abstract

Numerous explanations, classifications, theories and definitions about leadership, exist in the contemporary literature. Substantial effort has gone in to classify and clarify different dimensions of active leadership thus, generating considerable organizational and social research of leadership styles and behaviors. Many researchers and practitioners have developed a consensus that the progression of thinking over the years has developed a belief that leadership is a flexible developmental process, with each new piece of research building on and seldom completely disregarding that which was derived before it. Main theories that emerged during 20th century include: the Great Man theory, Trait theory, Process leadership theory, Style and Behavioral theory, Transformational, Transactional and Laissez Faire leadership theory.

## 1. INTRODUCTION

Leadership literature reveals that theories have been refined and modified with passage of time and none of the theory is completely irrelevant. As mentioned earlier, relevance depends on the context in that it is applied. The type of leadership applied in functions entailing very high degree of precision, confidence level, sensitivity, care and technical expertise may be different than in simple management-oriented portfolios, as one that does not fit all heads (Dess, & Picken, 2000). It means that situations, contexts, culture, working environment, new laws and regulations, information overload, organizational complexities and psycho-socio developments remarkably impact the leadership concept thereby, making it commensurate to the changing organizational dynamics (Amabile, Schatzel, Moneta & Kramer, 2004).

The great men became irrelevant and consequently growth of the organizations. "The passing years have given the coup de grace to another force the great man who with brilliance and farsightedness could preside with dictatorial powers as the head of a growing organization but in the process retarded democratization". It was also determined that, "a person does not become a leader merely by virtue of the possession of some combination of traits" (Samad, 2012). On the amount of direction and guidance, the dynamic among these factors was established; socio-emotional support and task behavior, in performing a task the readiness level (commitment and competence) of the followers and relationship behavior required by the followers functions and objective (Ryan & Tipu, 2013). Without involving subordinates, the autocratic leader makes decisions, laissez-faire leader lets subordinates make the decision and hence takes no real leadership role other than assuming the position and the democratic leader accesses his subordinates then takes his decision.

## 2. LITERATURE REVIEW

### 2.1 Leadership Theories

#### A. Great-Man Theory

The effort toward explorations for common traits of leadership is protracted over centuries as most cultures need heroes to define their successes and to justify their failures. In 1847, Thomas Carlyle stated in the best interests of the heroes that "universal history, the history of what man has accomplished in this world, is at the bottom of the history of the great men who have worked here". Carlyle claimed in his "great man theory" that leaders are born and that only those men who are endowed with heroic potentials could ever become the leaders. He opined that great men were born, not made. An American philosopher, Sidney Hook, further expanded Carlyle perspective highlighting the impact which could be made by the eventful man vs. the event-making man (Dobbins & Platz, (1986).

He proposed that the eventful man remained complex in a historic situation, but did not really determine its course. On the other hand, he maintained that the actions of the event-making man influenced the course of events, which could have been much different, had he not been involved in the process. The event making man's role based on "the consequences of outstanding capacities of intelligence, will and character rather than the actions of distinction". However, subsequent events unfolded that this concept of leadership was morally flawed, as was the case with Hitler, Napoleon, and the like, thereby challenging the credibility of the Great Man theory. These great men became irrelevant and consequently growth of the organizations, stifled (MacGregor, 2003). "The passing years have given the coup de grace to another force the great man who with brilliance and farsightedness could preside with dictatorial powers as the head of a growing organization but in the process retarded democratization". Leadership theory then progressed from dogma that leaders are born or are destined by nature to be in their role at a particular time to a reflection of certain traits that envisage a potential for leadership.

## **B. Trait Theory**

The early theorists opined that born leaders were endowed with certain physical traits and personality characteristics which distinguished them from non-leaders. Trait theories ignored the assumptions about whether leadership traits were genetic or acquired. Jenkins identified two traits; emergent traits (those which are heavily dependent upon heredity) as height, intelligence, attractiveness, and self-confidence and effectiveness traits (based on experience or learning), including charisma, as fundamental component of leadership (Ekvall & Arvonen, 1991).

Max Weber termed charisma as “the greatest revolutionary force, capable of producing a completely new orientation through followers and complete personal devotion to leaders they perceived as endowed with almost magical supernatural, superhuman qualities and powers”. This initial focus on intellectual, physical and personality traits that distinguished non-leaders from leaders portended a research that maintained that only minor variances exist between followers and leaders (Burns, 2003). The failure in detecting the traits which every single effective leader had in common, resulted in development of trait theory, as an inaccessible component, falling into disfavor. In the late 1940s, scholars studied the traits of military and non-military leaders respectively and exposed the significance of certain traits developing at certain times.

## **C. Contingency Theories (Situational)**

The theories of contingency recommends that no leadership style is precise as a stand-alone as the leadership style used is reliant upon the factors such as the quality, situation of the followers or a number of other variables. “According to this theory, there is no single right way to lead because the internal and external dimensions of the environment require the leader to adapt to that particular situation”. In most cases, leaders do not change only the dynamics and environment, employees within the organization change. In a common sense, the theories of contingency are a category of behavioral theory that challenges that there is no one finest way of leading/organizing and that the style of leadership that is operative in some circumstances may not be effective in others (Greenleaf, 1977).

Contingency theorists assumed that the leader was the focus of leader-subordinate relationship; situational theorists opined that the subordinates played a pivotal role in defining the relationship. Though, the situational leadership stays to emphasis mostly upon the leader, it creates the significance of the focus into group dynamic. “These studies of the relationships between groups and their leaders have led to some of our modern theories of group dynamics and leadership”. The theory of situational leadership proposes that style of leadership should be accorded with the maturity of the subordinates (Bass, 1997). “The situational leadership model, first introduced in 1969, theorized that there was no unsurpassed way to lead and those leaders, to be effective, must be able to adapt to the situation and transform their leadership style between task-oriented and relationship-oriented”.

## **D. Style and Behavior Theory**

The style theory acknowledges the significance of certain necessary leadership skills that serve as enabler for a leader who performs an act while drawing its parallel with previous capacity of the leader, prior to that particular act while suggesting that each individual has a distinct style of leadership with which he/she feels most contented. Like one that does not fit all heads, similarly one style cannot be effective in all situations. Yukl (1989) introduced three different leadership styles. The employees serving with democratic leaders displayed high degree of satisfaction, creativity, and motivation; working with great enthusiasm and energy irrespective of the presence or absence of the leader; maintaining better connections with the leader, in terms of productivity whereas, autocratic leaders mainly focused on greater quantity of output. Laissez faire leadership was only considered relevant while leading a team of highly skilled and motivated people who excellent track-record, in the past.

Feidler & House (1994) identified two additional leadership styles focusing effectiveness of the leadership. These researchers opined that consideration (concern for people and relationship behaviors) and commencing structure (concern for production and task behaviors) were very vital variables. The consideration is referred to the amount of confidence and rapport, a leader engenders in his subordinates. Whereas, initiating structure, on the other hand, reflects the extent, to which the leader structures, directs and defines his/her own and the subordinates’ roles as they have the participatory role toward organizational performance, profit and accomplishment of the mission. Different researchers proposed that three types of leaders, they were; autocratic, democratic and laissez-faire. Without involving subordinates, the autocratic leader makes decisions, laissez-faire leader lets subordinates make the decision and hence takes no real leadership role other than assuming the position and the democratic leader accesses his subordinates then takes his decision. “He further assumed that all leaders could fit into one of these three categories”.

## **E. Process Leadership Theory**

Additional leadership theories with a process focus include servant leadership, learning organizations, principal centered leadership and charismatic leadership, with others emerging every year. Greenleaf introduced servant leadership in the early 1970s. A resurgence of the discussion of servant leadership was noted in the early 1990s.

Servant leaders were encouraged to be focused to the anxieties of the followers and the leader should sympathize with them take-care of and nurture them. The leadership was imparted on a person who was by nature a servant. "The servant leader focuses on the needs of the follower and helps them to become more autonomous freer and knowledgeable". The servant leader is also more concerned with the "have-nots" and recognizes them as equal (Greenleaf, 1996). The leaders in leading organizations are to be the steward (servant) of the vision of the organization and not a servant of the people within the organization. Leaders in learning organizations clarify and nurture the vision and consider it to be greater than one-self. The leader aligns themselves or their vision with others in the organization or community at large.

These process leadership theories and others that have emerged often suggest that the work of leaders is to contribute to the well-being of others with a focus on some form of social responsibility. There appears to be a clear evolution in the study of leadership. Leadership theory has moved from birth traits and rights, to acquired traits and styles, to situational and relationship types of leadership, to the function of groups and group processes and, currently, to the interaction of the group members with an emphasis on personal and organizational function of groups and group processes and, currently, to the interaction of the group members with an emphasis on personal and organizational moral improvements (Yammarino, 1999).

#### **F. Transactional Theory**

The leadership theories, by the late 1970s and early 1980s, activated to diverge from the specific perspectives of the leader, leadership context and the follower and toward practices that concentrated further on the exchanges between the followers and leaders. The transactional leadership was described as that in which leader-follower associations were grounded upon a series of agreements between followers and leaders (House & Shamir, 1993). The transactional theory was "based on reciprocity where leaders not only influence followers but are under their influence as well". Some studies revealed that transactional leadership show a discrepancy with regard to the level of leaders' action and the nature of the relations with the followers.

Bass and Avolio (1994) observed transactional leadership "as a type of contingent-reward leadership that had active and positive exchange between leaders and followers whereby followers were rewarded or recognized for accomplishing agreed upon objectives". From the leader, these rewards might implicate gratitude for merit increases, bonuses and work achievement. For good work, positive support could be exchanged, merit pay for promotions, increased performance and cooperation for collegiality. The leaders could instead focus on errors, avoid responses and delay decisions. This attitude is stated as the "management-by-exception" and could be categorized as passive or active transactions. The difference between these two types of transactions is predicated on the timing of the leaders' involvement. In the active form, the leader continuously monitors performance and attempts to intervene proactively (Avolio & Bass, 1997).

#### **G. Transformational Theory**

Transformational leadership distinguishes itself from the rest of the previous and contemporary theories, on the basis of its alignment to a greater good as it entails involvement of the followers in processes or activities related to personal factor towards the organization and a course that will yield certain superior social dividend. The transformational leaders raise the motivation and morality of both the follower and the leader (House & Shamir, 1993). It is considered that the transformational leaders "engage in interactions with followers based on common values, beliefs and goals". This impacts the performance leading to the attainment of goal. As per Bass, transformational leader, "attempts to induce followers to reorder their needs by transcending self-interests and strive for higher order needs". This theory conform the Maslow (1954) higher order needs theory. Transformational leadership is a course that changes and approach targets on beliefs, values and attitudes that enlighten leaders' practices and the capacity to lead change.

The literature suggests that followers and leaders set aside personal interests for the benefit of the group. The leader is then asked to focus on followers' needs and input in order to transform everyone into a leader by empowering and motivating them (House & Aditya, 1997). Emphasis from the previously defined leadership theories, the ethical extents of leadership further differentiates the transformational leadership. The transformational leaders are considered by their capability to identify the need for change, gain the agreement and commitment of others, create a vision that guides change and embed the change (MacGregor Burns, 2003). These types of leaders treat subordinates individually and pursue to develop their consciousness, morals and skills by providing significance to their work and challenge. These leaders produce an appearance of convincing and encouraged vision of the future. They are "visionary leaders who seek to appeal to their followers" better nature and move them toward higher and more universal needs and purposes" (MacGregor Burns, 2003).

## **2.2 Leadership Styles**

### **A. Transactional Leadership Style**

Transactional leadership style comprises three components; contingent reward, management-by-exception (active) and management-by-exception (passive). A transactional leader follows the scheme of contingent rewards to explain performance expectation to the followers and appreciates good performance. Transactional

leaders believe in contractual agreements as principal motivators (Bass, 1985) and use extrinsic rewards toward enhancing followers' motivation. The literature revealed that the "transactional style retards creativity and can adversely influence employees job satisfaction. Management-by-exception explains leaders' behavior with regards apt detection of deviations from expected followers' behavior.

The application of both styles varies from situation to situation and context to context. The situations entailing high degree of precision, technical expertise, time-constraints, particularly in technological intensive environment, we shall prefer transactional leadership whereas, in human-intensive environment, where focus is on influencing the followers through motivation and respecting their emotions on the basis of common goals, beliefs and values, preferable option is transformational leadership style (MacGregor Burns, 2003).

I. *Contingent Reward*. Contingent reward leadership focuses on achieving results. As humans appreciate concrete, tangible, material rewards in exchange of their efforts, thus, this behavior surfaced. "Where transformational leadership acknowledges individual talents and builds enthusiasm through emotional appeals, values, and belief systems, transactional leadership engenders compliance by appealing to the wants and needs of individuals" (Bass & Avolio, 2004). Manager leaders who use contingent reward are expected to show direction to the employees so the job gets done. In nutshell, key indicators of contingent reward encompass performance-based material rewards, direction- setting, reciprocity, and confidence-building in the team.

II. *Management by Exception (Active)*. Management by exception (active) is not the relinquishment of leadership, characterized by a laissez-faire leadership. Leaders who follow management by exception (active) have an inherent trust in their workers to end the job to a satisfactory standard, and avoid rocking the boat. "This type of leadership does not inspire workers to achieve beyond expected outcomes, however, if target is achieved, that means the system has worked, everyone is satisfied, and the business continues as usual," (Bass & Avolio, 2004). There is a little sense of adventure or risk-taking, new perspectives, or white water strategies in case of management by exception leaders. It correspond need-driven change culture. To sum it up, management by exception (active) includes trust in workers, poor communication, maintenance of the status quo, and lack of confidence.

III. *Management by Exception (Passive)*. "It is the style of transactional Leadership in which the leaders avoid specifying agreement, and fail to provide goals and standards to be achieved by staff. Sometimes, a leader waits for things to go wrong before taking action" (Bass & Avolio, 2004).

## **B. Transformational Leadership Style**

Transformational leadership links with positive outcomes on individual as well as organizational levels. Transformational leaders emboldens followers to attain higher-order needs like self-actualization, self-esteem (Bass, 1985), and are influential in surging followers' motivation in the direction of "self-sacrifice and achievement of organizational goals over personal interests (Bass, 1995). Leaders with Idealized Influence demonstrate heightened concerns and cognizance of followers' needs and generate a sense of shared risk-taking" (Jung et al., 2008). Inspirational Motivation affords a cradle of encouragement and challenges followers to achieve the set goals, whereas, Intellectual Stimulation inspires followers to be more creative and innovative in their problem-solving skills.

Transformational leaders grade their relationships with followers very high in priority and demonstrate individualized consideration in meeting their needs for empowerment, achievement, enhanced self-efficacy and personal growth. Leadership styles, however, do not embrace all of the factors that influence innovation. As per Cummings, Midodzi, Wong, and Estabrooks (2010), "leadership style alone could not be linked to patient mortality". Instead, the researchers examined that when the organization had associated and consistent organizational culture, patient mortality was on downward trajectory. Cummings et al., (2010) observed that regardless of style, "leaders who practiced relational and transformational styles had better quality outcomes than those who demonstrated autocracy".

I. *Idealized Influence*. It is the attribute of a leader which inspires followers to take their leader as a role model. Charisma is an alternate term which replaces idealized influence. Idealized influence creates values that inspire, establish sense, and engender a sense of purpose amongst people. Idealized influence is inspirational in nature. It builds attitudes about what is significant in life. Idealized influence is related with charismatic leadership (Yukl, 1999; Shamir et al., 1993). Charismatic leaders instill self-confidence onto others. It is their demonstration of confidence in a follower's preparedness to make self-sacrifices and an aptitude to undertake exceptional goals which is an influential rousing force of idealized influence and role-modeling behavior (House and Shamir, 1993). Leaders with confidence in their employees can secure great accomplishments. Leaders with idealized influence are endowed with a constructive sense of self-determination.

Shamir (1993) showed that maintaining self-esteem is a powerful and pervasive social need. These leaders are high in the conviction, transform their followers through regular communication, presenting themselves as role model, and encouraging them toward "achieving the mission and goals of the company". They have requisite degree of emotional stability and control. "These leaders go beyond inner conflicts and direct their capacities to be masters of their own fate". As per Jhon Marshall (CEO, Solaris Power),



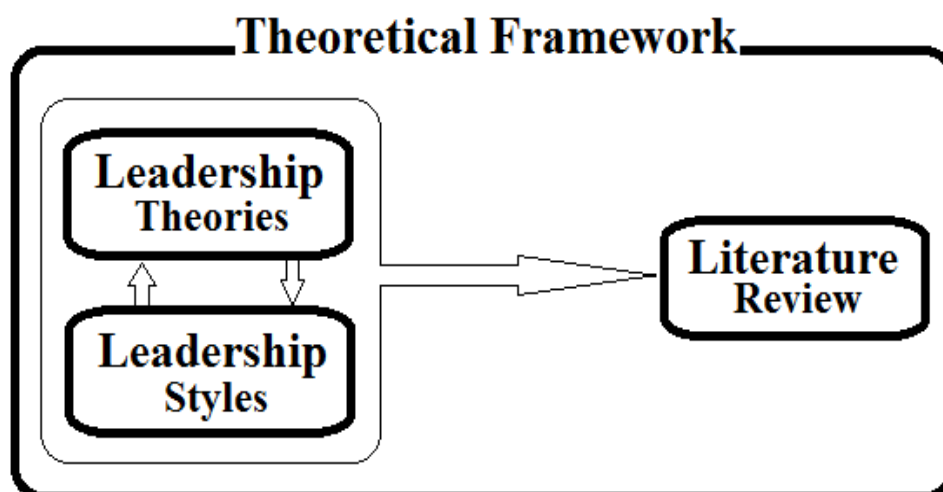
transformational leaders role of mentoring followers and learning about key responsibilities of leaders in the context of idealized behavior. Such leaders are learning leaders. In short, fundamental pointers of idealized influence are role-modeling, articulation and values-creation, providing sense of purpose, meaning, self-esteem, self-determination, emotional control and confidence in followers.

II. *Inspirational Motivation*. Developing the consciousness of followers, aligning them towards the organizational mission and vision, and motivating others in understanding and pledging to the vision is a key dimension of the transformational leadership style of inspirational motivation. “Inspirational motivation targets at the principle of organizational existence, instead of personality of the leader” (Bass & Avolio, 2004). Instead of suffocating employees, a leader with this style, encourages the employees in the organizational pursuit drawing best out of them. The prevention of “experimentation and hampering creativity only frustrate employees who want to positively and productively contribute to the organization”. Leaders equipped with this style encourage the employees rendering them more autonomy to make decisions without supervision and providing them the tools to make these decisions. The leaders using this behavior set high standard for followers besides communicating their vision in unambiguous ways, and encouraging them to develop beyond the normal situations for their own and organizational growth (House and Shamir, 1993). The successful executives are always active with their people by inspiring, rewarding and correcting them and by replacing them, if they fail, thereby, creating opportunities for others. In short, leaders with inspirational motivation behavior create vision, establish communication and manage challenging workers by encouraging, working with them and giving them autonomy.

III. *Intellectual Stimulation*. Leaders with characteristics of intellectual stimulation are those who “intellectually stimulate followers, engender creativity and accept challenges as part of their job”. They maintain their emotional balance, and rationally deal with complex problems. They cultivate the similar skills in their workers as well. They develop problem solving techniques in the followers for making complex decisions, reflecting a mutual consensus between leaders and employees. “The intellectual stimulation leadership approach projects in large measure the mentoring, coaching, morale-building strengths of individualized consideration”. Both leadership approaches build organizational skills as well as character, similar to caring leadership behaviors that coach and challenge (House and Shamir, 1993). “In other words, leaders with this leadership approach require first to unravel the complexities of the challenge, develop sense of direction towards what it means for them and their workers prior to promoting worker involvement in the challenge”. There are different levels of intellects and encouragement to work actively. It is an ability to intellectually stimulate the workers and a propensity to get involved actively in the work. “In nutshell, the key indicators of the intellectual stimulation are rationality, creativity, consensus decision-making, coaching, supporting, challenging, and involvement”.

IV. *Individualized Consideration*. Individualized consideration is concerned with the basic transformational leadership behaviors of regarding individuals as fundamental contributors to the work place. Such leaders display concern for their workers’ needs, and are equipped to boost and coach the development of desired workplace behavior. Their role alternates from participatory to autocratic style. In short, “fundamental elements of individualized consideration consist of reassurance, caring for and coaching of individuals and an open and consultative approach”.

Figure 1.1 Theoretical Framework



### 3. DISCUSSIONS

These „great men“ became irrelevant and consequently growth of the organizations, stifled. “The passing years

have given the coup de grace to another force the great man who with brilliance and farsightedness could preside with dictatorial powers as the head of a growing organization but in the process retarded democratization” (MacGregor, 2003). Leadership theory then progressed from dogma that leaders are born or are destined by nature to be in their role at a particular time to a reflection of certain traits that envisage a potential for leadership. They determined that out of several traits, the situation determines prevalence of one trait on another. It was concluded that the most significant trait to retain was that most relevant to the task at hand. It was also determined that, “a person does not become a leader merely by virtue of the possession of some combination of traits”. Research established that no traits were generally related with active leaders and that situational dynamics were of important impression (House and Shamir, 1993). Northouse further reflects, “Traits are a sine qua non for successful leadership. If a leader has the essential traits, he must take certain actions to be successful, such as articulating vision, role modeling, and setting goals”.

They proposed that the maturity of the individual or group would control the most operational style of leadership. They established the four styles of leadership of participating, delegating, selling and telling and supported the significance of matching those styles with the maturity level of the subordinates and the existing task. Furthermore, the leader was inquired to reflect the subordinates’ job maturity and psychological maturity when determining the leadership approach. The theory of situational leadership bound the leader to discourse the situations diagnostically to define what the needs of the subordinates were and what the leader needed to bring to the situation. Bass & Avolio (2004) proposed that three types of leaders, they were; autocratic, democratic and laissez-faire. Without involving subordinates, the autocratic leader makes decisions, laissez-faire leader lets subordinates make the decision and hence takes no real leadership role other than assuming the position and the democratic leader accesses his subordinates then takes his decision. “He further assumed that all leaders could fit into one of these three categories”.

Offering a definition of leadership appears to challenge even the most scholarly thinkers. Perhaps DuPree (1989) said it best when he said, “Leadership is an art, something to be teamed overtime, not simply by reading books. Leadership is more tribal than scientific; more weaving of relationships than an amassing of information, and, in that sense, don’t know how to pin it down in every detail”. Typically the more active “management-by-exception” leader defines the expectations or standards in advance and monitors them accordingly. “Rewards help clarify expectations, and the relationship assumes that the leader knows the values of the follower, can identify the actions of the follower, and recognizes the follower as a willing participant in the exchange”. Issues are dealt with reactively, with standards confirmed after problems have been exposed. The transactional leader “functioned as a broker and, especially when the stakes were low, his role could be relatively minor and even automatic” (MacGregor Bums, 2003, p. 25). He additionally classifies the transactional leader as “one who includes in both simple and complex exchanges with followers to create a performance” that donates to satisfying the goals of the organization.

Bass and Avolio (2004) Full Range Leadership (FRL) model encapsulates nine leadership factors to include idealized influence (behavior), idealized influence (attributed), individualized consideration, inspirational motivation, intellectual stimulation, management-by-exception (active), contingent reward, management-by-exception (passive) and laissez-faire. Theoretically, these nine factors identify three broad leadership types: transformational leadership, which includes idealized influence (behavior), idealized influence (attributed) individualized consideration, intellectual stimulation and inspirational motivation. The transactional leadership comprises laissez-faire leadership, management-by-exception (active), contingent reward, and management-by-exception (passive); and lastly, dimension (Bass & Avolio, 2004b). “Laissez-faire leadership style reflects a lack of leadership which manifests itself as non-leadership behavior, having a propensity of escaping responsibilities”.

Laissez-faire leaders demonstrate limited participation in vital organizational matters and incline to procrastinate their response to critical issues. Researches highlight that laissez-faire leaders are least attentive to the completion of duties and productivity (Anderson & McColl-Kennedy, 2005). The avoidance of involvement is a fundamental characteristic of the laissez-faire leadership style. This avoidance behavior leads to excessive frustration among followers and low level of followers’ self-esteem. Laissez-faire leaders show very little care for followers’ actions and their consequent impact on organizational outcome rather become source of followers demotivation. Given the negative characteristics of the Laissez-faire as a style, we grade it in non-leadership style, thus, reject it at the outset.

#### 4. CONCLUSION

Advocates of transformational leadership have confidence in that the arrangements of the past should not be the guide for the future. They believe that successful transformational leaders create clear and compelling visions for the future. The transformational leaders focus their energies on vision, long-term goals, aligning and changing systems and developing and training others, Bass purports that such leaders show transactional behaviors as well. He opined that great men were born, not made. However, subsequent events unfolded that this concept of

leadership was morally flawed, as was the case with Hitler, Napoleon, and the like, thereby challenging the credibility of the Great Man theory. This initial focus on intellectual, physical and personality traits that distinguished non-leaders from leaders portended a research that maintained that only minor variances exist between followers and leaders.

Though, the situational leadership stays to emphasis mostly upon the leader, it creates the significance of the focus into group dynamic. These styles of leadership were telling others what to do (autocratic), incorporating others in conceptualizing, planning and implementation (democratic) and giving complete freedom of action with little or no direction to others (laissez-faire). The servant leader focuses on the needs of the follower and helps them to become more autonomous freer and knowledgeable". For good work, positive support could be exchanged, merit pay for promotions, increased performance and cooperation for collegiality. . As per Bass, transformational leader, "attempts to induce followers to reorder their needs by transcending self-interests and strive for higher order needs".

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